

## Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05  
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07  
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 IO-13  
NRC-05 CEQ-01 /153 W  
-----025433 291841Z /45

R 291813Z MAR 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 7131  
INFO AMEMBASSY TEHRAN  
AMEMBASSY PARIS  
AMCONSUL DUSSELDORF

C O N F I D E N T I A L SECTION 01 OF 02 BONN 05673

E. O. 11652: GDS  
TAGS: EFIN, ENRG, IR, GW  
SUBJ: VISIT OF IRANIAN MINISTER YEGANEH IN THE FRG

1.SUMMARY: MINISTER OF ECONOMICS AND FINANCE MOHAMMAD YEGANEH  
VISITED THE FEDERAL REPUBLIC FROM MARCH 14 TO 17 AT THE  
INVITATION OF FRG ECONOMICS MINISTER, GRAF LAMBSDORFF.  
ASIDE FROM TALKS AT THE ECONOMICS MINISTRY, YEGANEH  
ALSO HAD DISCUSSIONS WITH CHANCELLOR SCHMIDT, PLUS CALLS  
AT THE FINANCE MINISTRY AND FOREIGN OFFICE; TALKS WITH  
GERMAN FIRMS; AND A SPEECH BEFORE THE DEUTSCHE INDUSTRIE-  
UND HANDELSTAG (EQUIVALENT TO US CHAMBER OF COMMERCE).  
END SUMMARY.

2. ACCORDING TO A SOURCE AT THE MINISTRY OF ECONOMICS,  
THERE WERE TWO MAIN THEMES IN THE TALKS AT THE VARIOUS  
MINISTRIES, BOTH REQUESTS FROM THE IRANIAN SIDE.  
YEGANEH FIRST SUGGESTED TO THE GERMANS THAT THEY  
SHOULD IMMEDIATELY BUY ADDITIONAL QUANTITIES OF IRANIAN  
CRUDE NOW, IN RETURN FOR WHICH IRAN WAS PREPARED TO  
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NEGOTIATE LONG-TERM DELIVERY CONTRACTS STRETCHING  
THROUGH THE 1980'S. SECOND, HE ASKED THE GERMANS TO  
SOFTEN THE TERMS OF FINANCING FOR MAJOR IRANIAN PROJECTS  
I.E. NUCLEAR POWER STATIONS. WHILE THE GERMANS LISTENED  
POLITELY AND SAID THEY WERE WILLING TO CONTINUE A  
DISCUSSION OF PROBLEMS AT ANY TIME, THE FRG ANSWER WAS  
"NO" IN BOTH INSTANCES.

3. ON THE SUBJECT OF PURCHASE OF ADDITIONAL CRUDE OIL FROM IRAN, THE GERMANS HAD THE FEELING THAT THE IRANIANS WERE UNDER CONSIDERABLE PRESSURE TO MAKE EXTRA SALES NOW TO HELP MAKE UP AN ESTIMATED BUDGETARY GAP OF \$2 BILLION PROJECTED FOR THE FISCAL YEAR. THEY ALSO HAD THE IMPRESSION THAT YEGANEH WAS TELLING THEM BETWEEN THE LINES THAT A GERMAN PURCHASE OF ADDITIONAL OIL WOULD BE HELPFUL IN SPEEDING UP AWARDING OF CONTRACTS TO GERMAN FIRMS ON PRESENT AND FUTURE PROJECTS IN IRAN, ALTHOUGH SUCH WAS OBVIOUSLY NOT STATED IN SO MANY WORDS. THE GERMANS POINTED OUT THAT THE IRANIANS WERE ASKING IN EFFECT FOR PURCHASE OF NEARLY 100 MILLION BARRELS OF ADDITIONAL OIL, AN AMOUNT WHICH EXCEEDED GERMAN ANNUAL CONSUMPTION. THE GOVERNMENT OFFICIALS ALSO POINTED OUT THAT IT WAS NOT THE FRG WHICH PURCHASED OR NEGOTIATED THE PURCHASE OF OIL, BUT THAT SUCH WAS WITHIN THE PURVIEW OF PRIVATE COMPANIES. WHEN ASKED WHAT SELLING PRICE HE HAD IN MIND, YEGANEH REPLIED THE OPEC PRICE. THE GERMANS POINTED OUT THAT IRANIAN CRUDE WAS PRESENTLY AVAILABLE IN THE GERMAN MARKET AT 20 CENTS PER BBL. LESS THAN THE OPEC PRICE.

4. ON THE SUBJECT ON PROJECT FINANCING, OUR SOURCE BELIEVES THAT IN ADDITION TO PRESENTLY PLANNED CONFIDENTIAL

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PROJECTS, THE IRANIAN GOVERNMENT HAS OTHER LARGE

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 05673

PROJECTS IN MIND FOR WHICH THEY WOULD LIKE TO SECURE MORE FAVORABLE FINANCING TERMS. THE IRANIAN ARGUMENTS WERE SIMILAR TO THOSE USED ABOVE. YEGANEH POINTED OUT FURTHER THAT THE GERMANS, WITH A GREATLY APPRECIATED CURRENCY, WERE REALLY GETTING OIL AT A VERY REASONABLE PRICE (OUR SOURCE SAID THAT ACCORDING TO HIS CALCULATION THE GERMANS WERE PAYING ABOUT THE SAME PRICE FOR OIL NOW AS THEY DID IN 1974) AND THAT THE FRG WAS BENEFITTING FROM EMPLOYMENT OF THOUSANDS OF WORKERS IN GERMANY WORKING ON GOODS AND SERVICES PURCHASED BY IRAN, ETC. THE UPSHOT WAS THAT THE FRG SHOULD IN YEGANEH'S VIEW SOMEHOW BE WILLING AND ABLE TO INFLUENCE FINANCIAL INSTITUTIONS TO GIVE THE IRANIANS BETTER BORROWING CONDITIONS. ONE SUGGESTION WAS THE REDUCTION OR ELIMINATION OF THE HERMES GUARANTEE FEE. ACCORDING TO OUR SOURCE, THE IRANIANS WERE TOLD THIS WOULD BE OUT OF THE QUESTION, SINCE A SPECIAL RELAXATION OF FEES OR THE LIKE COULD  
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NOT BE DONE FOR ONE COUNTRY AND NOT FOR ANOTHER; IT WOULD IN ADDITION CAUSE COMPLICATIONS BETWEEN COMPETITIVE GERMAN FIRMS, ETC.

5. WHILE THE FRG ANSWERS TO MINISTER YEGANEH'S MAIN SUGGESTIONS WERE THOROUGHLY NEGATIVE, THE ATMOSPHERE OF THE CONVERSATIONS WERE CORDIAL AND FRIENDLY THROUGHOUT AND BOTH SIDES FELT THE VISIT HAD BEEN USEFUL.

6. OUR ECONOMIC MINISTRY SOURCE SAID THAT HE THOUGHT MINISTER YEGANEH HAD ALSO RECENTLY VISITED THE US, ALTHOUGH NO MENTION OF IT HAD COME UP. YEGANEH DID MENTION HIS STOP IN PARIS AND TRIED TO INFLUENCE THE GERMANS BY CLAIMING THE FRENCH HAD BEEN MORE RECEPTIVE TO HIS PROPOSALS THAN BONN. THE MINISTRY OF ECONOMICS WOULD BE INTERESTED IN HEARING ABOUT TOPICS RAISED AND CONVERSATIONS YEGANEH MAY HAVE HAD IN

THE US. WE WOULD BE PLEASED TO PASS ALONG ANY  
APPROPRIATE INFORMATION TO CULTIVATE THIS USEFUL  
CONTACT.  
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## Message Attributes

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**Decaption Date:** 01 jan 1960  
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Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014